

STATE OF CALIFORNIA  
Budget Change Proposal - Cover Sheet  
DF-46 (REV 08/15)

|                          |                       |   |  |
|--------------------------|-----------------------|---|--|
| Fiscal Year<br>2016-2017 | Business Unit<br>3720 | Department<br>California Coastal Commission | Priority No.<br>2                              |
| Budget Request Name      |                       | Program<br>2730 Coastal Management Program  | Subprogram<br>2730019 LOCAL<br>COASTAL PROGRAM |

Budget Request Description  
Reappropriation of Local Assistance Grants for Local Coastal Program (LCPs)

Budget Request Summary

The BCP requests reappropriation of Local Assistance funds included in the enacted budgets for FY 13-14 and FY 14-15 for Local Coastal Program (LCP) grants to local governments. The \$1 million General Fund appropriated to the Coastal Commission in FY 13-14 for Local Assistance LCP grants was fully encumbered in FY 13-14 through contracts and grants to local governments. The \$1 million General Fund appropriated to the Coastal Commission in FY 14-15 for Local Assistance LCP grants was fully encumbered in FY 14-15.

Many local governments holding these grants need some additional time to complete the work under these grants. This BCP requests that the Local Assistance LCP funds for FY 13-14 and FY 14-15 be reappropriated to extend the maximum term of availability of funds from the standard three fiscal years to a new maximum of five fiscal years.

|   |   |      |
|---|---|------|
| Requires Legislation<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | Code Section(s) to be Added/Amended/Repealed. |      |
| Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><i>If yes, departmental Chief Information Officer must</i>   | Department CIO                                | Date |
| For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.<br><input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date: |   |      |

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No  
Attach comments of affected department, signed and dated by the department director or designee.

|  |                   |  |                   |
|--|-------------------|--|-------------------|
| Prepared By<br><i>John M. ... Chief Deputy</i> | Date<br>12/29/15  | Reviewed By<br><i>[Signature]</i>      | Date<br>12/29/15  |
| Department Director<br><i>Chad F. ...</i>      | Date:<br>12/29/15 | Agency Secretary<br><i>[Signature]</i> | Date:<br>12/31/15 |

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

Original Signed by  
PPBA Amanda Martin

Date submitted to the Legislature

### A. Budget Request Summary

- The Coastal Commission FY 13-14 and FY 14-15 enacted budgets included \$1 million in each of these two fiscal years for Local Assistance grants to local governments for Local Coastal Program (LCP) work. These funds currently have a three year availability to spend: one year for encumbrance, and two years for expenditure.
- The Local Assistance funds for FY 13-14 and FY 14-15 were fully encumbered through contracts and grants to local governments for Local Coastal Program work. Coastal Commission staff is working closely with local governments on all the grants and work is progressing well in most cases. However, it is clear now that additional time to complete the work on the grants will be needed.
- This BCP request a reappropriation of FY 13-14 and FY 14-15 funds for an additional two years so that both rounds of grants will have a total of five years each of availability for expenditure by local government.

### B. Background/History

The Coastal Commission currently administers two fiscal years (FY 13-14 and FY 14-15) of Local Assistance funds for Local Coastal Programs.

After receiving appropriation of these funds in the FY 13-14 enacted budgets, the Coastal Commission adopted grant guidelines, issued a call for grants submittals, and in January 2014 approved 11 grants to local governments totaling \$1 million for FY 13-14. All contracts for FY 13-14 grant funds were issued to local governments by April 2014. FY 14-15 grants were approved by the Commission in November 2014.

The Ocean Protection Council (OPC) requested that the Coastal Commission manage its second round of grants to local governments for sea level rise work in Local Coastal Programs. The Commission entered into an Interagency Agreement with the OPC that specified the Commission's responsibilities for the OPC grants.

The Commission issued grants to local governments that included both the OPC grant funds and the Coastal Commission Local Assistance funds for FY 14-15. All grants were issued prior to June 30, 2015 and were therefore fully encumbered.

It is clear after working with local governments that it is necessary to have some additional time for local governments to complete work under the grants/contracts. The hiring and contracting process and the public participation process at the local level is time consuming and most local governments are requesting more time to complete the work. Adding two years to the expenditure period by reappropriating the funds will give local governments time to successfully complete the contracts and produce essential components of Local Coastal Programs.

Throughout the contract period of both rounds of LCP Local Assistance grants and the OPC grants, Coastal Commission staff will work closely with local government to assure that grants are well spent and so that the LCP work products lead to new LCPs or updates of out-of-date LCPs. When local governments complete the work under the contracts most will have updated LCPs segments ready to submit to the Commission for formal public hearing and certification.

This reappropriation would allow the ongoing projects to be completed and would afford time to redirect funds to other grantees if a local government is not progressing.

### C. State Level Considerations

This Local Assistance grant program provides essential funding to assist coastal local governments in completing and/or comprehensively updating Local Coastal Programs. The

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majority of these LCP grants include essential climate change adaptation work to address sea level rise in accordance with the Natural Resources Agency *Safeguarding California Plan* (July 2014) and the Governor's Executive Order on Climate Change (B-30-15, April 29, 2015).

### D. Justification

This request would allow local governments to complete Local Coastal Program work that is underway under grants and contracts and for possible reencumbrance of some grants that may need to be redirected to different local governments. The reappropriation and appropriation are requested to be available for expenditure or encumbrance through June 30, 2018 for FY 13-14 funds and through June 30, 2019 for FY 14-15 funds to allow sufficient times for the projects to be completed by local governments.

The Coastal Commission Strategic Plan 2013-2015 (adopted April 2013), includes numerous goals, objectives and actions specifically dealing with the importance of addressing climate change through LCP planning and working collaboratively with local governments and other state agencies. The reappropriation of these funds would give local governments adequate time to complete essential Local Coastal Program work in progress. This reappropriation will help ensure that LCP Local Assistance grant funds are properly spent by providing adequate time for implementation.

The Coastal Commission fully encumbered the funds in the Local Assistance LCP grants in the year the funds were originally appropriated by awarding grants and contracts to local governments. Most of the local governments are working hard to meet deadlines and to meet all the tasks of the grant/contract awards. However, after working closely with local governments on the grants it is clear that it is critical that local governments have the opportunity to have more time to complete their work under the grants/contracts. The LCP process requires numerous public hearings and work at the local level that takes time and it is essential that there is a total of 5 years for encumbrance and expenditure of these grants.

While all the funds were properly encumbered with the original encumbrance deadline, we see the possible need to redirect funds from one local government to another local government, if the original grant recipient is not performing under the conditions of the grant award. LCP grants given to local governments include the following condition:

#### *"REALLOCATION OF FUNDS*

*If Grantee fails to meet the performance criteria and Benchmarks in this Agreement, the Executive Director or his designee may immediately and upon written notice cancel this Agreement and re-allocate any unspent funds to one or more of the other approved Grantee whose grant was not fully funded.*

*Should a Grantee not need the full amount of funds awarded by the Commission, they shall notify the Grant Manager as soon as possible so that any remaining allocated but unspent funds may be redistributed, as feasible. In addition, should Grantee fail to enter into an agreement necessary for its performance hereunder in a timely manner or fail to meet Work Program Benchmarks, the Executive Director or his designee may reallocate funds to supplement an already awarded grant."*

The Commission needs the ongoing authority to move grant funds from one local government recipient to another if a local government is not meeting the grant/contract agreement. That will

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only be possible if the re appropriation and extension of encumbrance and liquidation is authorized through this BCP.

### **E. Outcomes and Accountability**

These Local Coastal Program grants/contracts have been issued in accordance with Commission adopted grant guidelines after review in public hearings and with Commission action. Careful grant administration processes and procedures are in place and the Commission is coordinating with the Ocean Protection Council (OPC) regarding all work done in accordance with the Interagency Agreement with OPC. Regular Local Coastal Program grant status updates are given to the Coastal Commission in public hearings and posted on the Commission's website.

### **F. Analysis of All Feasible Alternatives**

#### **Alternative 1: Reappropriate funds for the Local Assistance Local Coastal Program Funds for FY 13-14 and FY 14-15 for an additional two fiscal years.**

This is the preferred alternative as local governments Local Coastal Program projects with already encumbered funds and that are in progress could be successfully completed. This will lead to more local governments moving forward with completing and/or updating Local Coastal Programs to address climate change and sea level rise.

#### **Alternative 2. Allow appropriations to expire.**

This alternative would result in several local governments not having adequate time to complete the Local Coastal Program work under the contracts. This would result in small amounts of unspent funds being returned to the General Fund. This alternative would potentially mean that funds spent before expiration would be wasted because there would not be adequate time to complete the LCP projects.

### **G. Implementation Plan**

Once the reappropriation is approved, the Commission would extend the terms of the contracts/grant on a case-by-case as needed basis.

### **H. Supplemental Information**

NONE

### **I. Recommendation**

Alternative 1 is recommended with FY 13-14 funding being extended until June 30, 2018 and FY 14-15 funding being extended to June 30, 2019. Commission staff will work closely with Department of Finance staff to develop the precise wording needed in the Governor's Budget to reappropriate the funds.